

JANICE K. BREWER

Governor



HERBERT R. GUENTHER

Director

**ARIZONA DEPARTMENT OF WATER RESOURCES**

3550 North Central Avenue, Second Floor  
PHOENIX, ARIZONA 85012-2105  
(602) 771-8500

*via US MAIL and electronic mail*

May 26, 2009

Rick Coffman, President  
Castle & Cooke Arizona, Inc.  
4100 Canyon De Flores  
Sierra Vista, AZ 85650

**Water Report 53-700548.0000**

**Subdivision Name:** The Retreat  
Phases I & II

**Owner:** Castle & Cooke Arizona,  
Inc., an Arizona corporation, fka  
Arizona Newsub, Inc., an Arizona  
corporation

**Number of lots:** 124

**County:** Cochise

Township 22 South, Range 21 East,  
Section 19

**Annual Water Demand: 42.83 acre-feet/year**

**Water provided by:** Pueblo Del Sol  
Water Company

**Water Type:** Groundwater

**Current water depth:** N/A

**Estimated 100-year depth:** N/A

**Current decline rate:** N/A

**Basin:** Sierra Vista

Dear Mr. Coffman:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, water quality, and financial capability. Information available to the Department indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-701 *et seq.* Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any material change to the subdivision plat or its water supply plans may invalidate this decision. See A.A.C. R12-15-708.

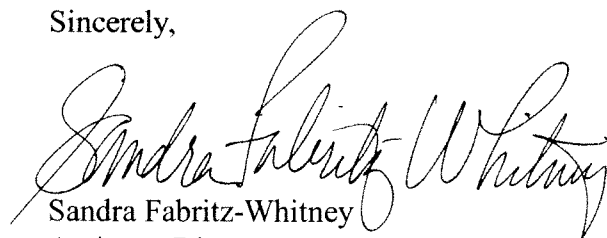
This letter is being forwarded to the Arizona Department of Real Estate as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Cochise County Recorder is also being officially notified of the developer's compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that you include the following statement in all promotional material and contracts for sale of lots in the subdivision:

**“Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-701 *et seq.*, the Department has determined that the water supply for the The Retreat Phases I & II subdivision is adequate, *i.e.* that the water supply is physically, continuously and legally available to satisfy the subdivision’s annual estimated water demand, that the water supply is of suitable water quality, and that the applicant has demonstrated the financial capability to construct adequate delivery, storage and treatment works. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time.”**

Pursuant to A.R.S. § 41-1092.03, the Department is notifying you that the Director’s determination and decision to issue this Water Report is an appealable agency action. You are entitled to appeal this action. If you wish to appeal this action, you must file a written appeal within thirty (30) days from receipt of this letter. I am providing you with a summary of the appeal process and an appeal form, should you elect to pursue this option.

If you have any questions, please contact the Office of Assured & Adequate Water Supply at: 602-771-8599.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Fabritz-Whitney". The signature is fluid and cursive, with the first name "Sandra" being the most prominent.

Sandra Fabritz-Whitney  
Assistant Director  
Water Management Division

The Retreat, Ph. I & II

May 26, 2009

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cc: Via Electronic Mail:

Cindy Ferrin, Arizona Department of Real Estate

Cochise County Planning and Zoning

Cochise County Recorder

Christa McJunkin, Fluid Solutions

Steve Olea, Arizona Corporation Commission

Linda Taunt, Arizona Dept. of Environmental Quality

Drew Swieczkowski, ADWR Hydrology

Richard Obenshain, ADWR Office of Assured and Adequate Water Supply